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Investment Idea / IPO Note

Express Powerr Solutions (M) Berhad

Nationwide Power on Call

By Crystal Chin

BUY

IPO Price: RM0.20

Fair Value: RM0.32

Express Powerr Solutions (M) Berhad (XPB: 0370), provides generator rental services with multiple purposes including emergency, standby and planned maintenance. We project XPB to register core net earnings of RM18.7m and RM20.2m for FY25F and FY26F. BUY with a fair value of RM0.32, premised on a weighted average 15x PER on FY26F EPS. We expect catalysts from (i) expansion into Penang and Kelantan, (ii) rising contributions from Sabah Electricity (SESB) and (iii) longer-term exposure to renewable energy via solar PV.

At present, XPB operates a fleet of 115 generators spanning across Kuala Lumpur, Selangor, Negeri Sembilan, Johor, Pahang, and Sabah (since 2024), with further expansion into Penang and Kelantan in 2025 as XPB continues to broaden its nationwide presence.

XPB has been an approved vendor for Tenaga Nasional (TNB) since July 2021 and, in 2025, it has successfully secured a three-year contract renewal. Beyond TNB, its client portfolio includes Kejuruteraan Letrik KB (KLKB) and Kejuruteraan Kuasa Bumi (KKB). In 2024, XPB entered Sabah by supplying to Sabah Electricity Sdn Bhd (SESB) through purchase orders from Dynasynergy Technology, which has since emerged as its major customer and contributed 38.42% of FY24 revenue. We expect SESB to continue making significant contributions.

Post IPO, XPB aims to fund the acquisition of at least 36 new generators to support its expansion within Malaysia to meet the growing demand, enhance operational capacity, and effectively cater to customer needs especially being a vendor to TNB for genset rental. Also, the purchase of medium and high voltage equipment is essential to ensure efficient transmission of electricity, grid stability and overall system reliability.

In line with its diversification strategy, XPB ventured into solar PV in 2024, registering as both a solar PV investor under the Net Energy Metering (NEM) programme and a solar PV service provider with the Sustainable Energy Development Authority (SEDA). While current contributions are minimal, the segment offers long-term potential and complements XPB's core power solutions.

XPB has adopted a dividend policy of paying out 30% to 50% of net profit to shareholders and has historically distributed approximately 40% over the latest three financial years. The Group's balance sheet remains solid, supported by a net cash position and a strong net gearing profile.

KLCI	1,578.15
YTD FBM KLCI change	-3.91%
YTD FBM SC Index change	-12.03%

Stock Information

Market Cap Upon Listing (RM'm)	186.89
Enlarged Share Capital (m)	934.45
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Purchase of generators	20.50
Repayment of bank borrowings	5.00
Purchase of medium and high voltage equipment	4.06
General working capital	2.24
Estimated listing expenses	4.20
Total	**36.00**

Major Shareholders

Lim Cheng Ten	73.74%

Summary Earnings Table

FY Dec (RM'm)	2023A	2024A	2025F	2026F
Revenue	39.4	70.2	77.5	85.3
EBIT	13.0	23.1	25.0	27.1
Pretax profit	13.0	23.0	24.9	27.0
PATAMI	**9.9**	**16.6**	**18.7**	**20.2**
Core PATAMI	**10.1**	**16.6**	**18.7**	**20.2**
Consensus	-	-	-	-
Core EPS (sen)	1.1	1.8	2.0	2.2
EPS growth (%)	34%	65%	12%	8%
DPS (sen)	0.1	0.3	0.4	0.9
PER (x)	18.5	11.2	10.0	9.2
BV/Share (RM)	0.04	0.06	0.08	0.11
ROE (%)	26.1%	27.0%	35.7%	28.5%
Div. Yield (%)	2.1%	4.3%	3.0%	3.2%

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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